

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF PUERTO RICO**

In re:

The Financial Oversight and Management Board  
for Puerto Rico,

as representative of

The Commonwealth of Puerto Rico, *et al.*,

Debtors.<sup>1</sup>

PROMESA

Title III

No. 17 BK 3283-LTS

In re:

The Financial Oversight and Management Board  
for Puerto Rico,

as representative of

The Puerto Rico Electric Power Authority,

Debtor.

PROMESA

Title III

No. 17 BK 4780-LTS

**Court Filing Relates Only to  
PREPA and Shall Only be Filed in  
Case No. 17 BK 4780-LTS and  
Main Docket 17 BK 3283-LTS**

**INFORMATIVE MOTION OF AD HOC GROUP OF PREPA BONDHOLDERS,  
NATIONAL PUBLIC FINANCE GUARANTEE CORPORATION, AND  
ASSURED GUARANTY CORP. AND ASSURED GUARANTY MUNICIPAL CORP. IN  
CONNECTION WITH ORDER AMENDING SCOPE OF MARCH 18, 2022, STATUS  
REPORT REQUIRED BY THE ORDER DENYING URGENT MOTION OF THE AD  
HOC GROUP OF PREPA BONDHOLDERS TO APPOINT A MEDIATOR AND  
IMPOSE DEADLINES FOR A PREPA PLAN OF ADJUSTMENT AND DIRECTING  
ADDITIONAL CONSULTATION AND FILINGS**

<sup>1</sup> The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("**COFINA**") (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("**HTA**") (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("**ERS**") (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Public Buildings Authority ("**PBA**") (Bankruptcy Case No. 19 BK 5523-LTS) (Last Four Digits of Federal Tax ID: 3801); and (vi) Puerto Rico Electric Power Authority ("**PREPA**") (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747).

To the Honorable United States District Court Judge Laura Taylor Swain:

The Ad Hoc Group of PREPA Bondholders (the “**Ad Hoc Group**”), Assured Guaranty Corp. and Assured Guaranty Municipal Corp. (together, “**Assured**”), and National Public Finance Guarantee Corporation (“**National**”) respectfully submit this Informative Motion in connection with the *Order Amending Scope of March 18, 2022, Status Report Required by the Order Denying Urgent Motion of the Ad Hoc Group of PREPA Bondholders to Appoint a Mediator and Impose Deadlines for a PREPA Plan of Adjustment and Directing Additional Consultation and Filings* (the “**March 16th Order**”) [Dkt. No. 20357].<sup>2</sup>

1. In view of the March 16th Order, the bondholders understand that the Court is exploring whether a judicial mediator or mediation team can be made available. Consequently, the bondholders wanted to make the Court aware of the bondholders’ recent mediation proposal to the Oversight Board and AAFAF. The bondholders respectfully submit this Informative Motion so that the Court can take into account this proposal when selecting a mediator.

2. In the first instance, and as the Oversight Board should report on Friday, there is broad support for mediation to achieve a “timely proposal and subsequent confirmation of a PREPA Title III plan of adjustment,” which the bondholders strongly agree “is paramount to the Commonwealth’s economic recovery.” *Order Denying Urgent Motion of the Ad Hoc Group of PREPA Bondholders to Appoint a Mediator and Impose Deadlines for a PREPA Plan of Adjustment and Directing Additional Consultation and Filings* (the “**Order**”) [PREPA Dkt. No. 2748] at 7.

3. The bondholders believe that there are real benefits to appointing an experienced mediator intimately familiar with Puerto Rico issues, Title III, revenue bonds, and PREPA itself.

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<sup>2</sup> Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Status Report.

If possible, the selection of a mediator that is well-versed in the issues facing PREPA and the island as a whole, with a deep understanding of municipal bankruptcy (and PROMESA in particular), is the surest way to allow the parties to move forward with a confirmable plan by the Court's May 2nd deadline.

4. Recently, the bondholders informed the Oversight Board of their proposal to ensure that the potential cost of a mediation should not stand as an obstacle to the real progress that could be achieved with a mediator already steeped in the Title III cases. That proposal is: **The undersigned bondholders agree to cover 100% of the costs of mediation led by one of the Prior Mediation Team members** (including to allow the mediator to retain advisors on an agreed-upon budget) – or otherwise cover a share the Oversight Board proposes or that the Court may order. Bondholders will fund these costs through a mechanism agreed to with the Oversight Board.

5. The Ad Hoc Group, Assured, and National believe that re-appointment of one or more of the members of the COFINA mediation team or the Commonwealth mediation team that just concluded the mediation for the Commonwealth cases (together, the “**Prior Mediation Team**”) provides the parties with the highest likelihood of a successful plan, given their knowledge of the parties and the relevant issues, and the fact that this mediation team just concluded one of the largest and most successful mediations in history merely weeks ago. Given their experience and knowledge, any of these four candidates would be well-suited to lead an efficient and successful PREPA mediation process.<sup>3</sup>

6. The bondholders' willingness to cover the costs for a mediation led by any of members of the Prior Mediation Team evidences their view that appointing one of these mediators

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<sup>3</sup> The bondholders understand, based on a conversation with counsel to the Oversight Board, that they believe Judge Ambro is unavailable.

would save significant time and generate material cost savings. For example, the Government Parties and the UCC (whose costs are paid directly by Puerto Rico) will spend far less time and money bringing one of these mediators up to speed than they would any other possible mediator, resulting in enormous savings for PREPA and its stakeholders.

7. Any member of the Prior Mediation Team has the necessary qualifications and experience to drive the process to a consensual plan of adjustment by May 2nd. A new judicial mediator will not have the same experience with the parties and the issues inherent to PREPA's restructuring.

8. The bondholders believe that the attendant delay and costs from bringing a new mediator up to speed are unnecessary in light of the bondholders' proposal. Given the Court's May 2, 2022 deadline and the almost five years that have passed in these cases, it is clear that there is a need for urgent progress.

9. Whichever mediator is chosen by the Court, the Ad Hoc Group, Assured, and National reiterate their commitment to working with the Government Parties in good faith and on an expedited basis to develop a revised agreement that can form the basis of a consensual plan by the May 2 deadline.

We hereby certify that, on this same date, we electronically filed the foregoing with the clerk of the Court using the CM/ECF system, which will notify the attorneys of record.

Dated: San Juan, Puerto Rico  
March 16, 2022

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